



AUSTRALIAN  
COUNCIL  
FOR  
INTERNATIONAL  
DEVELOPMENT

# **Benchmarks for an Effective and Accountable Australian Aid Program**

January 2014



## 1. Purpose

The Government's Foreign Policy stated that it will: "consistent with robust benchmarks, remain committed to increasing the foreign aid program towards 0.5 per cent of gross national income (GNI)."

The Government has rightly focused on the importance of benchmarks, which can help target Australian aid and measure its success.

The Australian Council for International Development (ACFID) recommends eight benchmarks to ensure an effective and accountable Australian aid program based on internationally agreed standards and good practice:

### **Aid guided by:**

#### **1. Comprehensive policy statement**

### **Aid targeted at:**

#### **2. Inclusive growth**

- **Targeting the poorest 40 per cent of people in middle and low income countries**
- **Creating opportunities for all including women's empowerment, disability inclusion and other vulnerable and marginalised groups**

#### **3. Peace, security and governance**

#### **4. Environmental sustainability**

### **Aid delivered with:**

#### **5. Effective partnerships**

#### **6. Civil society and people-to-people links**

#### **7. Predictability, transparency and accountability**

#### **8. Expertise, evidence and innovation**

## 2. Defining benchmarks

Benchmarks are fundamentally an indication of best practice or industry standards against which one can review, assess and measure their own practice for improvement.

As with any useful system or process for measuring performance, the utility of benchmarks is finite.<sup>1</sup> Nonetheless, in the current context, as the Government solidifies its approach to Australia's aid program, ACFID is confident there is a real usefulness for benchmarks.

In early public discussion, the Government has been clear about the role that economic growth will play in its conception of the aid program. Initial changes to the Australian aid program have underscored that the Government sees complementarity between our foreign affairs, development, and trade policy that could be further exploited. Further to that, at Senate Estimates on 21 November 2013, it was affirmed that Australia's aid program will promote Australia's interests which are seen to be both international economic growth and poverty reduction.<sup>2</sup>

This paper, therefore, outlines proposed benchmarks for the Australian aid program that take account of the Government's priorities, particularly around the role of economic growth, national interest and regional stability. In doing so, we have underscored that there need not be a trade-off between an aid program that meets the Government's priorities and internationally agreed standards – the benchmarks of best practice in bilateral aid programs.<sup>3</sup>

Further, this paper outlines an approach that will build on the existing strengths of the Australian aid program (while also focusing on areas where there is room for improvement). Independent assessments have highlighted Australia's ability to deliver effective, well-targeted aid.<sup>4</sup> Noting the

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<sup>1</sup> While benchmarks can provide benefits in terms of targeting, measuring and directing aid, they can also pose threats to aid effectiveness, depending on what they are focused on, and how they are measured. If not appropriately targeted, benchmarks can reduce innovative approaches, stifle debate, and lead to over compliance and red tape. As highlighted by the former head of USAID, Andrew Natsios, benchmarks can also result in agencies only seeking to invest in those activities that can be easily measured (e.g. vaccinations), as opposed to programs that drive more transformational change (e.g. women's leadership). To avoid this trap and over compliance, Natsios argues that benchmarks must focus on good development practices such as local ownership, institution building, and long-term program planning. Natsios, Andrew, 2010, "The clash of counter-bureaucracy and development", *Centre for Global Development Essay*.

<sup>2</sup> Mr Paul Grigson, Deputy Secretary, DFAT, 21 November 2013, *Senate Estimates*, [http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/fadtcte/estimates/sup1314/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/fadtcte/estimates/sup1314/index)

<sup>3</sup> The Office of Development Effectiveness defines international best practice as "what we know works well in aid, either because it has been demonstrated through research, identified as important by aid recipients, or agreed through consensus within the aid community." Internationally agreed standards include the Paris Declaration on Aid Effectiveness, Accra Agenda for Action and Busan Partnership for Effective Development Cooperation. Office of Development Effectiveness, 2011, *The Quality of Australian Aid*.

<sup>4</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*, Available: <http://www.oecd.org/dac/peer-reviews/40720533.pdf>

current process of integration of the former AusAID into DFAT, these assessments tells us there is much that can be built on to create a world-class, united department which will deliver an effective aid program.

We encourage the Government to apply the industry standards set out in this paper to the Australian aid program, to ensure benchmarks are measures of good development practice and results on the ground, with the end-goal of creating a gold-standard aid program for Australia.

### 3. Proposed benchmarks

#### 3.1 Aid policy statement

Industry standard:

Official Development Assistance (ODA) will have the greatest impact in creating sustainable, long-term change for the poorest and fostering economic growth if guided by a comprehensive policy, focused on poverty alleviation and the achievement of the Millennium Development Goals (MDGs).

Where the standard comes from:

The OECD's Effective Aid Management report has as a first priority a clear, top-level national statement on the purpose of development cooperation "that has wide ownership and can remain relevant for a sufficient period."<sup>5</sup> Such a statement provides clarity, certainty and predictability across all government agencies and for partners, the Australian public and overseas communities. It can also support alignment with areas of government policy that impact on aid and development efforts such as trade, migration and investment.

Under an overarching goal of poverty alleviation, the objectives of an aid policy statement should reflect the Millennium Development Goals (MDGs) and a subsequent post 2015 development agenda. While there has been mixed success in meeting the goals, the MDGs have directed resources and attention to some of the world's most pressing, and often trans-boundary, development concerns, and provide internationally-recognised benchmarks of development progress. Moreover, they "provide an international template within which there are country specific yardsticks. These can measure the kind of development that countries wish to see and the objectives they wish to attain."<sup>6</sup>

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<sup>5</sup> Ibid

<sup>6</sup> OECD, 2008, *Effective Aid Management*, Available: <http://www.oecd.org/dac/peer-reviews/40720533.pdf>

An aid policy statement should also articulate why it is in Australia's national – as well as ethical - interest to alleviate poverty. In 1997, the then Foreign Minister, Alexander Downer, clearly explained the case to Parliament:

*“...in an increasingly globalised world, it is in our self-interest to help. Not to do so would harm our own economy. By promoting growth in developing countries, the aid program helps foster stability and expands trade and investment opportunities for Australia. Through aid, we are also addressing many threats to our own prosperity, such as HIV/AIDs, illegal migration, refugee flows, global environment problems and narcotics. Many of these problems need to be dealt with at a global level and Australia must pull its weight internationally.”<sup>7</sup>*

Today, the success of Australia as an economically prosperous, healthy and stable nation is even more connected to the strength and stability of our region and further afield.

#### Where Australia is at now:

The 2013 OCED Peer Review commended Australia for its strategic focus on poverty reduction and its four-year aid policy framework which was seen as providing “an unambiguous rationale and a sound basis” for allocating Australia's aid.<sup>8</sup> It is now time for a revised aid policy statement to guide the allocation of ODA, allow for independent scrutiny as to whether the aid program is meeting its objectives, and elaborate on the interaction between the poverty alleviation focus of aid with trade and foreign policy, the intersection of economic growth with sustainable human development, and the geographic and thematic focus of Australia's aid.

Australia has seen a bipartisan commitment to the MDGs over the previous decade. Its ODA has been underpinned by a focus on the achievement of the MGGs, with the strategic goals and objectives of the aid program consistent with the MDGs. The Foreign Minister, the Hon. Julie Bishop MP, committed the Australian Government to working towards achieving the MDGs by 2015 during her recent trip to New York, and to Australia playing a role in the creation of the post 2015 development agenda.

Australia could be more effective in developing a whole-of-government approach to aid, both with regards to ODA by other Government departments and policy that impacts on development outcomes such as trade, migration, investment and environment. The Independent Review of Aid Effectiveness recommended more emphasis on whole-of-government coordination and performance management, recognising that there is little publicly available assessment and evaluation of the expenditure of ODA by other Government departments.<sup>9</sup>

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<sup>7</sup> The Hon Alexander Downer, 1997, “*Better Aid for A Better Future*” – Report to Parliament on Australia's Development Cooperation.

<sup>8</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*.

<sup>9</sup> Australian Government, 2011, *Independent Review of Aid Effectiveness*.

## What success looks like:

### Australian Aid:

- Guided by a clear rationale and objectives, focused on poverty alleviation.
- Including a strategic and principled approach to geographic and thematic focus of Australian Aid.
- Underpinned by “cross-cutting” themes including gender, disability, indigenous peoples, environmental sustainability and disaster risk reduction and resilience.
- Consistent with the MDGs and, in time, the agreed post 2015 development agenda.
- Working to maximise all investments in poverty alleviation in the national interest.
- Policy coordination across Government to ensure relevant non-aid policies (e.g. migration, investment, the environment) take development into account.

### Milestones to get there:

- Development of a clear and comprehensive policy statement on the purpose and objectives of Australian Aid prior to the 2014 budget.
- Country and thematic strategies to further define the scope of Australian Aid.
- Reporting on MDGs and subsequent post 2015 development goals.
- Demonstrated leadership role in international negotiations on a post 2015 development agenda.
- Demonstrated common approaches to strategy, design, monitoring and evaluation of aid programs across Government.
- A whole-of-Government budget process for ODA allocations.
- Reporting all ODA allocations to the OECD Development Cooperation (DAC) and ensuring they are consistent with DAC criteria.

## 3.2 Inclusive growth

### Industry standard:

Economic growth is a necessary but insufficient factor in increasing development and poverty reduction outcomes. To maximise its potential, the World Bank states that growth must be focused on fostering income growth and opportunities for the poorest 40 per cent of the people in developing countries, as well as those who live just above the threshold and are vulnerable to back-sliding into poverty.<sup>10</sup>

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<sup>10</sup> World Bank, 2013, *End Extreme Poverty and Promote Shared Prosperity*.

## Where the standard comes from:

The importance of inclusive growth has broad recognition. The 2006 White Paper on Australian Aid stated that growth alone is not sufficient for poverty reduction - there are important enablers to growth, and action must be focused on how growth can be shared and sustained.<sup>11</sup> In 2010, the UN Secretary General argued that “sustained and equitable growth based on dynamic structural change is necessary for making substantial progress in reducing poverty...while economic growth is necessary, it is not sufficient for progress on reducing poverty.”<sup>12</sup> Most recently, the Australian Foreign Minister made the point that “under-investment in girls, weak governments, low education and poor health constrains the abilities of economies and communities to grow.”

Aid can play an important role in helping create an enabling environment for growth by promoting peace and security, a functioning state and civil society, and effective health and education systems – many of the factors holding back least developed countries and fragile states today.

Aid can also redress rising economic inequality by helping ensure opportunities to participate in, and benefit from growth, extend to poor and marginalised groups whether women, people with a disability, the elderly, indigenous peoples and ethnic and sexual minorities.<sup>13</sup> This is important from a moral and human rights perspective, but also as the most effective way to alleviate poverty and promote growth. Research by the Overseas Development Institute (ODI) found that at a growth rate of 2 per cent per head, and a poverty rate of 40 per cent, a country with low inequality could half poverty in ten years, while a country with high inequality would take nearly 60 years, or two generations.<sup>14</sup>

Gender equality, for example, is an important goal in itself and a means for achieving development. Women do most of the world’s work while earning less pay than male counterparts and having less control over resources.<sup>15</sup> Women produce most food, comprise one-third of the official labour force and hold primary responsibility for the care of the family and home.<sup>16</sup> Further, women comprise only 20 per cent of elected officials.<sup>17</sup> Aid should prioritise gender equality and women’s empowerment. Investment in women’s and girls’ education and health, for example, yield some of the highest returns of all development investments including increased household incomes, reduce rates of maternal mortality and better educated and healthier children.<sup>18</sup>

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<sup>11</sup> Australian Government, 2006, *Australian Aid: Promoting Growth and Stability - White Paper on the Australian Government's overseas aid program*.

<sup>12</sup> As cited by the Overseas Development Institute, 2010, *Briefing Paper: Economic Growth and MDGs*

<sup>13</sup> The World Bank argues that increased levels of social unrest around the world have been caused, in part, by a rise in economic inequality and a lack of inclusive opportunities. This is perhaps most telling in middle-income countries – where the bulk of the world’s poor now reside – and where the root cause of poverty is not a lack of economic growth, but rather the inability of some groups to participate in, and benefit from that growth. World Bank, 2013, *A World Free of Poverty*.

<sup>14</sup> Overseas Development Institute, 2010, *Briefing Paper: Economic Growth and MDGs*.

<sup>15</sup> The World Bank, 2012, *World Development Report 2012: Gender, Equality and Development*.

<sup>16</sup> Ibid.

<sup>17</sup> The World Bank, 2013, *The Little Data Book on Gender*.

<sup>18</sup> Centre for Global Development, 2002, *Education and the Developing World*.

Inclusive growth is also about disability inclusion. Disability and poverty are connected in a cycle of reinforcement, each exacerbating the exclusion and vulnerability caused by each other.<sup>19</sup> Globally, about 80 per cent of those with disabilities live in developing countries, where they make up more than 20 per cent of the poorest of the poor.<sup>20</sup> Disability and impairment in the Asia Pacific are expected to increase over the coming decades due to population growth, ageing, lifestyle diseases and malnutrition. People with a disability must be provided with opportunities to achieve their potential and participate in economic, social and political life including through access to education and health services and civic participation.

The world's indigenous peoples also experience significant levels of vulnerability, poverty and risk. While indigenous peoples make up five per cent of the global population, they represent about one-third of the world's extremely poor people<sup>21</sup> and thus must also be provided with opportunities to participate in, and benefit from, growth.

#### Where Australia is at now:

Successive Australian Governments have taken an inclusive approach to growth including directing aid to fragile states and least developed countries and targeting disadvantaged groups through its thematic approach to gender equality, disability inclusive development and human rights.

Australia's approach has been internationally recognised. The 2013 OECD Peer Review found that Australia's aid program is "well-positioned to promote gender equality in the difficult and varying contexts in which it operates."<sup>22</sup> In 2011, Australia's disability inclusion strategy (Development for All) was highlighted as a good-practice model of inclusive international cooperation by the 2011 World Bank/World Health Organisation Report on Disability.<sup>23</sup>

Australia's approach should, however, go further – targeting the poorest 40 per cent of people in developing countries, as well as those who live just above the threshold and are vulnerable to back-sliding into poverty through its aid policy and programs. Australia must also ensure it commits sufficient financial and human resources to an inclusive development approach that is consistently and systematically progressed across the aid program.

The Government has recently commitment to develop a new strategy for disability inclusive-development, building on the current strategy which runs until 2014.

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<sup>19</sup> J Braithwaite and D Mont. "Disability and Poverty: A survey of the World Bank Poverty Assessments and Implications," *European Journal of Disability Research* 2, 2009: 219-232.

<sup>20</sup> World Bank and World Health Organisation (WHO), 2011, *World Report on Disability*.

<sup>21</sup> UNDP, 2011, *Sustainability and Equity: a Better Future for All – Human Development Report 2011*.

<sup>22</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*, pg. 45.

<sup>23</sup> World Bank and World Health Organisation (WHO), 2011, *World Report on Disability*.



## What success looks like:

### Australian Aid:

- Targeted at the bottom 40 per cent of people within middle income and low income countries, as well as those just above the threshold.
- Underwritten by a respect for, and protection of human rights.
- Focused on women's empowerment and leadership.
- Inclusive of people with disabilities and their representatives.
- Strengthens social protection systems and creates opportunities for all to reduce inequality.
- Increases decent work opportunities, particularly for young people.

### Milestones to get there:

- Proportion of Australian Aid that is targeted at the bottom two quintiles of the population in developing countries.
- International human rights standards embedded in the aid program.
- Gender and disability maintained as thematic foci of the aid program.
- Australian Aid explains how it takes account of the differentiated impacts of poverty upon men and women.
- Success measured with reference to inclusion of people with disabilities and other vulnerable and marginalised groups.
- Demonstrate that the voices of the poor are heard and incorporated into the design and delivery of the aid program.

## 3.3 Peace, stability and governance

### Industry standard:

As set out in the New Deal for Engagement in Fragile States, aid must focus on supporting development in places affected by fragility or conflict, where a growing share of the world's poor live.<sup>24</sup> Aid must be long term, context-specific and focused on conflict resolution; security for all; access to justice, employment and livelihood opportunities; and accountable and transparent governance.<sup>25</sup>

### Where the standard comes from:

As jointly chaired by Timor Leste, one of Australia's closet neighbours, and agreed to by over 40 states and international organisations, the New Deal for Engagement in Fragile States highlights

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<sup>24</sup> *New Deal: Building Peaceful States*, 2011, Available: <http://www.newdeal4peace.org/new-deal-snapshot/>

<sup>25</sup> Ibid.

the importance of progress in fragile and conflict-affected environments so as to enhance the opportunities of the world's poorest people and build peace and security.<sup>26</sup> Earlier this year, the High Level Panel report on a post 2015 development agenda emphasised “build(ing) peace and effective, open and accountable institutions for all” as one of five necessary shifts to end poverty and promote development.<sup>27</sup>

A growing share of the world's poor live in fragile states and some projections indicate this share will exceed 50 per cent within the next five years.<sup>28</sup> As emphasised by the Office of Development Effectiveness, promoting development is much harder in fragile states and contexts given often weak or ineffectual governments and violence and insecurity.<sup>29</sup> However, the stakes are high. The World Bank's 2011 report on Conflict, Security and Development found that a civil conflict costs the average developing country roughly 30 years of GDP growth.<sup>30</sup> The problems of fragile states and contexts can also spread easily – negatively impacting the growth and stability of neighbours due to violence and refugees flowing across borders, and breeding networks of violent radicals and organised crime.<sup>31</sup>

In her recent statement to the UN, the Australian Foreign Minister highlighted how instability and poor governance has hampered development and growth in fragile countries, emphasising that the new global framework for development needs to take account of the poor governance, insecurity and instability as “barriers to development”. Good governance is that based on equality, adherence to the rule of law and human rights, and promotion of conditions for civil society to engage as development partners.<sup>32</sup>

As well as emergency assistance and sustained development funding to fragile and conflict-affected areas, there is a need to promote an inclusive approach to peacebuilding and security, including the full participation of women in conflict transformation and the peace process, in line with the United Nations Security Council (UNSC) Resolution 1325 and Australia's National Action Plan.

### Where Australia is at now:

Aid to fragile states has been a key feature of Australia's aid program, with seven of the top ten recipients of Australian aid considered fragile. Australia performs well in comparison to other donors with a focus on fragile states, ranking second only behind the United Kingdom on the Quality of ODA (QuODA) index in terms of maximising efficiency, fostering institutions, reducing

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<sup>26</sup> Ibid.

<sup>27</sup> High Level Panel on the Post 2015 Development Agenda, 2013, A New Global Partnership: Eradicate Poverty and Transform Economies through Sustainable Development.

<sup>28</sup> Office of Development Effectiveness, 2011, *Effective Aid in Fragile States*.

<sup>29</sup> Ibid.

<sup>30</sup> World Bank, 2011, *World Development Report - Conflict, Security and Development*.

<sup>31</sup> Ibid.

<sup>32</sup> *Civil Society Communique: The Global CSO Forum on the Post 2015 Development Agenda*, March 23-24<sup>th</sup> 2013, Bali, Indonesia.

the burden on partners, and transparency and learning.<sup>33</sup> Australia should hold as a target 50 per cent of aid going to fragile states.

In 2008, the Australian Government established the Australian Civil-Military Centre to improve Australia's effectiveness in civil-military collaboration for conflict and disaster management by engaging with and supporting government, NGOs and international partners to achieve focused outcomes for the region and globally.

In 2012, Australia launched a National Action Plan on Women, Peace and Security which is a whole of government effort to integrate a gender perspective into peace and security efforts, protect women and girls' human rights, and promote their participation in conflict prevention, management and resolution. As noted by Senator the Hon. Michaelia Cash, Minister Assisting the Prime Minister for Women in a recent speech to launch the Annual Civil Society Report Card on the Plan, there is a need to "drive the determined and coordinated effort necessary to effectively respond to the distinct experiences and needs of women and girls in fragile, conflict and post-conflict situations."<sup>34</sup>

Most recently, the Australian Prime Minister has highlighted the continued humanitarian support of Australia noting that: "during disasters and emergencies, Australia will always be there to lend a helping hand."<sup>35</sup>

### What success looks like:

#### Australian Aid:

- Focused on building stable and peaceful societies and the implementation of UNSC Resolution 1325.
- Strengthens national systems of governance that are accountable, representative and transparent.
- Nurtures an engaged civil society.
- Provides a quick and effective humanitarian response.
- Ensures effective civil military coordination for conflict and disaster management overseas.

### Milestones to get there:

- Demonstrate that 50 per cent of Australian Aid is targeted at fragile states.
- Gender perspective integrated into Australia's policies on peace and security.

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<sup>33</sup> Office of Development Effectiveness, 2011, *Effective Aid in Fragile States*.

<sup>34</sup> Senator the Hon Michaelia Cash, 16 October 2013, *Speech at the launch of the Annual Civil Society Report Card on Australia's National Plan on Women, Peace and Security*.

<sup>35</sup> Australian Prime Minister, the Hon Tony Abbott MP, 5 December 2013, *2013 Asialink Chairman's Dinner – the 'Weary' Dunlop Lecture*.

- Humanitarian assistance in line with principles of good humanitarian donorship, including timely assistance through NGOs.
- Supporting the development of national civil-military capabilities to prevent, prepare for and respond more effectively to conflicts and disasters.
- Aid that strengthens civil society in developing countries.

### 3.4 Environmental sustainability

#### Industry standard:

As set out in the Hyogo Framework for Action, “there is now international acknowledgement that efforts to reduce disaster risks must be systematically integrated into policies, plans and programmes for sustainable development and poverty reduction...Sustainable development, poverty reduction, good governance and disaster risk reduction are mutually supportive objectives, and in order to meet the challenges ahead, accelerated efforts must be made to build the necessary capacities at the community and national level to manage and reduce risk.”

#### Where the standard comes from:

As the poor are most often at risk to natural disasters and climate change, and depend heavily on natural resources for their food, water, livelihoods and shelter, policies to promote environmental sustainability are integral to reducing poverty and ensuring hard-won development gains are not eroded.

Long-term climate change and environmental damage and devastation caused by extreme weather events will continue to undermine development efforts and growth if greater attention is not paid to sustainable development.

Our region is also highly vulnerable to the predicted effects of climate change, including higher sea levels, intense storm surges and cyclones, erratic rainfall patterns, and major temperature fluctuations.<sup>36</sup> A recent study by the Asian Development Bank on the Economics of Climate Change estimates that economic loss to the Pacific as a result of climate change could range from 2.9 to 12.7 per cent of annual GDP by the year 2100, including adverse impacts on crop yield, fisheries, human health and tourism.<sup>37</sup> Aid investments should seek to protect the environment and natural resources in the Pacific, which have been major instruments of livelihoods and economic growth.

Globally, over the next 15 years disaster risk and loss is expected to increase. Disasters cause significant social upheaval, result in extensive social capital losses and undermine hard-won

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<sup>36</sup> Asian Development Bank, 2013, *Economics of Climate Change in the Pacific*.

<sup>37</sup> Ibid.

development gains. According to the UN, natural disasters have affected 4.4 billion people, claimed 1.3 million lives, and caused \$US 2 trillion in economic losses over the past two decades. The Economist reports that the economic cost of disasters is rising, with a growing share of the world's population and economic activity concentrated in disaster prone places, including in our region.<sup>38</sup> Reconstruction following the recent Super Typhoon Haiyan, for instance, is expected to cost \$6-7 billion or some 2.3 per cent of the Philippines GDP.<sup>39</sup>

### Where Australia is at now:

Environmental sustainability, climate change and disaster risk reduction have been key priorities of the Australian aid program, working at both the bilateral and multilateral level. In particular, the 2013 OECD Peer Review recognised Australia as a leading donor in disaster risk reduction (DRR), and as having the policies and tools to protect hard won-development investments and at-risk communities.<sup>40</sup> The Review also highlighted areas for improvement including the need to ensure that environmental concerns are integrated at all levels – bringing together environment, climate change and DRR considerations.<sup>41</sup>

The Humanitarian Partnership Agreement (HPA) is the primary mechanism for humanitarian funding to Australian NGOs in response to disasters including the 2011 floods in Pakistan and the 2012 famine in the Sahel. It enables a rapid and coordinated response to humanitarian needs, and leverages the work of NGOs in fostering community resilience and preparedness, by partnering with pre-qualified NGOs with a good track record in humanitarian assistance.

The Coalition's Policy for Foreign Affairs quite rightly highlighted working with Indonesia for action on climate change as a priority.

### What success looks like:

- A sustainable development approach, integrating environmental sustainability, climate change and disaster mitigation, prevention and preparedness across the aid program.
- Post disaster recovery and reconstruction conducted in a sustainable manner.
- Promoting equitable and environmentally sustainable food systems.
- Ensuring access to safe, sufficient drinking water and basic sanitation and hygiene.

### Milestones to get there:

- Development of an integrated sustainability, climate change and DRR policy.

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<sup>38</sup> *The Economist*, 14 January 2012, "Natural Disasters: Counting the Cost of Calamities."

<sup>39</sup> Morang Zang, 15 December 2013, "Philippines Growth Forecast Cut for 2013, Typhoon Haiyan Rebuilding Efforts to Give 2014 an Economic Boost", *International Business Times*.

<sup>40</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*.

<sup>41</sup> *Ibid.*

- Australian aid that explains importance of a proactive approach to preventing, mitigating and responding to disasters.
- Increase funding for DRR as a proportion of ODA to maximise proactive rather than reactive measures.
- Ensure adequate, predictable public finance for CCA and DRR for the sustainability of development initiatives.
- Demonstrated leadership role on a new global agreement on climate change.

### 3.5 Effective partnerships

#### Industry standard:

Aid should utilise effective partners and partnerships – governments, the private sector, multilateral agencies and civil society - to draw on the expertise and resources of others, to align with the priorities of partner governments, and coordinate and harmonise efforts with other donors.

#### Where the standard comes from:

The Busan Partnership for Effective Development Cooperation is based on the fundamental importance of inclusive development partnerships, which recognise the different and complementary roles of actors.

Partnerships can bring wide-ranging benefits including leveraging finance and resources, enabling specialisation, and strengthening community links. This increases the capacity of development actors to effect change at scale, and to deliver responsive aid. Working in partnership can also reduce fragmentation and duplication in the delivery of aid and support action on cross-border issues. However, partnerships are not a panacea for effective aid; rather partnerships must be based on openness, respect, shared goals and mutual accountability.

With regards to government to government partnerships, the 2006 Australian White Paper committed to aid programs that are owned and driven by partner countries, in recognition that such programs are more likely to be sustainable and effective.<sup>42</sup> It also commits to partnerships with bilateral agencies to coordinate and harmonise aid programs, and to supporting multilaterals that play crucial global roles on transboundary issues, such as the World Health Organisation.

Partnering is also about leveraging the links, resources and skills of civil society (discussed under 3.6) and the private sector. As highlighted by Accenture, development actors are increasingly being driven towards “cross-sector convergence” by their missions of achieving development impact. For instance, “partnering with the private sector can, in many circumstances, help

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<sup>42</sup> Australian Government, 2006, *Australian Aid: Promoting Growth and Stability - White Paper on the Australian Government's overseas aid program.*

enhance the scalability, sustainability and long-term impact of efforts ranging from health to education, to livelihoods and job creation.”<sup>43</sup>

#### Where Australia is at now:

Australia has been developing its partnership approach in the delivery of its aid. The 2013 OECD Peer Review found that Australia has long-running, multi-faceted cooperation with its partners in Asia and the Pacific and strategic and results orientated partnerships with multilateral organisations and civil society.<sup>44</sup>

The Government should seek further ways to partner with civil society and the private sector and create opportunities to bring development actors together for dialogue and delivery. It should also continue to partner with bilateral and multilateral agencies in line with the internationally agreed standards in the Paris and Accra agreements.

#### What success looks like:

- Partnerships owned by developing countries with approaches tailored to country-specific situations and needs.
- Enabling environment for partnerships – encouraging collaboration and leveraging the expertise of multilateral organisations, universities, the private sector and civil society.
- Partnering with agencies that represent value for money - cost effectiveness, results and equity.
- Donor coordination and harmonisation to reduce fragmentation and duplication and improve effectiveness.

#### Milestones to get there:

- Aid in accordance with the principles of the Paris, Accra and Busan agreements.
- Innovative and country tailored solutions to enable an increased use of partner systems.
- Aid to partners with a demonstrable record of results and good monitoring and evaluation frameworks.

### 3.6 Civil society and people-to-people links

#### Industry standard:

The role of citizen participation and civil society as key drivers of development is fostered and supported so that independent civil society priorities are undertaken, community support for these

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<sup>43</sup> Accenture, 2010, *Cross Sector Convergence*.

<sup>44</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*.

organisations can be recognised, and Government aid programs can leverage and extend such support while harnessing civil society expertise.

Where the standard comes from:

**Civil society:**

The Busan Partnership recognises that civil society plays a vital role in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation.<sup>45</sup> A robust, dynamic and well-functioning civil society is a catalyst for growth and development, and is also a development outcome in its own right.

Bilateral and multilateral agencies alike engage with civil society in the delivery of aid. For example, the World Bank estimates that civil society organisations (CSOs) are involved in 82 per cent of new Bank-financed projects.<sup>46</sup> Local and international CSOs are also development actors in their own right, with the sector channeling approximately \$20 billion in financial assistance to developing countries per year in addition to important technical expertise and social justice and advocacy work.<sup>47</sup>

**Australian NGOs (ANGOs):**

Australia has a vibrant civil society including over 250 international development NGOs. The role of ANGOs as partners in the delivery of aid has long been seen as integral to an effective Australian Aid program. The 2006 White Paper on Australian Aid committed to “continued and increased use of NGOs as a delivery mechanism for Australian aid including through the Australian NGO Cooperation Program (ANCP) and Cooperation Agreements.”<sup>48</sup>

The ANCP is an exemplary program internationally in terms of government and NGO partnerships in aid and development. Through the ANCP, the Australian Government supports the development activities of ANGOs which complement the Australian aid program and directly alleviate poverty for vulnerable communities. This allows the Government to effectively leverage the work, resources, skills and connections of ANGOs, including the \$1 billion that was mobilised by ANGOs in 2011/12 from public and private donations.

Moreover, the ANCP is based on a rigorous accreditation process which provides the Australian Government and public with confidence that they are funding professional, well-managed, community-based organisations capable of delivering good development outcomes.

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<sup>45</sup> *Busan Partnership for Effective Development Cooperation*, 2011.

<sup>46</sup> World Bank, 2013, *Civil Society* (website text), Available:

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040873~menuPK:34480~pagePK:34370~theSitePK:4607,00.html>

<sup>47</sup> Ibid.

<sup>48</sup> Australian Government, 2006, *Australian Aid: Promoting Growth and Stability - White Paper on the Australian Government's overseas aid program*, pg. 64.



Accreditation is linked to ACFID's Code of Conduct for the wider ANGO sector. The Code is a self-regulatory framework outlining 150 principles and obligations for ACFID members, as they strive for good practice in their development work.

Cooperation agreements are a further example of effective partnership working, including the Australia Africa Community Engagement Scheme (AACES) and the Solomon Islands NGO Partnership Agreement (SINPA). These help to leverage impact from areas of shared priority, and enable discussion and sharing of knowledge on aid effectiveness.

### **People to people links:**

In a recent speech marking International Volunteer Day, Senator the Hon. Brett Mason, emphasised the importance of "Australians in action", i.e. building people to people links through volunteering. He stated that:

*"Each volunteer assignment...not only improves the way people, communities and organisations meet their development challenges, but also helps Australians to better understand other cultures. The people-to-people linkages forged through volunteer assignments are a tangible way of strengthening relationships between Australia and developing countries. The contribution of our volunteers often continues back home, whether through the sharing of their experiences with their own communities and prospective volunteers, joining networks which continue to foster linkages with their host countries or continuing to work in the area of aid and development."*<sup>49</sup>

Combined with the Government's new Colombo Plan, the Australian Volunteers for International Development (AVID) program ensures strong people to people links and understanding and cooperation across our region and beyond.

### **Where Australia is at now:**

A variety of mechanisms are in place for engaging with, and supporting, CSOs across the aid program ranging from high-level strategic partnerships to small grant schemes. Recent partnership approaches between the Australian aid program and ANGOs has seen a greater focus on opportunities for cooperation and innovation.

ANCP has long been the flagship program. For nearly 40 years, the Australian Government has provided funding through the ANCP to support the development activities of ANGOs that are successful in undertaking a rigorous accreditation process, and whose activities complement the objectives of the Australian aid program.

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<sup>49</sup> DFAT, 5 December 2013, "Government acknowledges contribution of volunteers on International Volunteer Day" – Media Release, Available: <http://aid.dfat.gov.au/LatestNews/Pages/international-volunteer-day.aspx>

Australia's approach to civil society engagement could be strengthened through further strong support for the ANCP, a greater focus on creating an enabling environment for civil society actors, and more consistent understandings of civil society across development cooperation.

The value of civil society should also be recognised through support to the development of CSOs in developing countries including in the areas of service delivery, government accountability and community support.

The Australian Volunteers for International Development (AVID) program provides opportunities for Australians to contribute their skills and expertise to the Government's aid program. Over 1800 volunteers were placed in 2012/13, with the majority working in Asia (58 per cent) and the Pacific (27 per cent) in the areas of governance, health, social and infrastructure service, education and environmental protection.

#### What success looks like:

- Leveraging the public support of, and investment in, Australian NGOs, including through the ANCP program.
- Ensuring open and constructive consultation between Government and civil society is a hallmark of aid policy development.
- Australian Aid that strengthens civil society in developing countries.
- Strengthened people to people links in our region and beyond.

#### Milestones to get there:

- Clearly articulated intention for working with Australian civil society involved in international aid and development and with civil society in developing countries.
- Regular, robust and productive policy dialogue with civil society in line with good practice principles.
- Continued strong support for the ANCP program increasing it to 8 per cent of ODA.
- Utilise cooperation agreements for NGOs based on priority countries and sectors.
- Support for sector self-regulation through the ACFID Code of Conduct and other reductions in red tape measures for NGOs involved in the delivery of the Australian aid program, to reduce the compliance burden.
- Long lead times for grant windows and multi-year funding to NGO partners.
- Continue to grow people to people links through skilled Australian volunteer placements.

### 3.7 Predictable, transparent and accountable aid

#### Industry standard:

The Paris Declaration commits countries and donors to becoming more accountable to each other, and to their citizens, stating that “transparency and accountability are essential elements for development results.”

#### Where the standard comes from:

Predictable, transparent and accountable ODA is a precursor to maximising the potential of aid investments to deliver results. Regular, detailed, timely and comparable information across donors and recipients ensures an enabling environment for effectiveness.

Recent studies indicate that the value of aid is reduced by 15 to 20 per cent when it is unpredictable and volatile.<sup>50</sup> For developing countries, uncertainty about future resources complicates decision-making on resource allocations and can stand in the way of longer-term programs and reforms. For donors, a lack of predictable and transparent aid makes it harder to harmonise efforts and to achieve enduring development results.<sup>51</sup>

Accountability must be considered at a number of levels – to tax payers, to partner countries and to poor people themselves. The Paris Declaration recognises the importance of developing countries exercising leadership over their own development, and donors aligning their efforts behind the development plans set by partner countries. Aid programs must also take account of, and listen to, the voices of the poorest - valuing local knowledge and responding to needs and ideas.

Launched in 2008, the International Aid Transparency Initiative (IATI), of which Australia is a signatory, improves the transparency of aid by bringing together 188 countries and organisations and providing comparable classifications and definitions to enable citizens, governments and parliamentarians to find out: how much money is being provided; when, where and how the money will be spent; and what the funds are expected to achieve.<sup>52</sup>

#### Where Australia is at now:

Under international aid effectiveness agreements, Australia has committed to building a stronger focus on results and mutual accountability. Australia is also a signatory to the IATI and has developed a Transparency Charter which includes commitments to regularly update information and data about Australian Aid activities. While the Australian Aid Program has made considerable progress on improving transparency in recent years, a weakness has been the slow and

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<sup>50</sup> OECD, 2013, *Aid predictability* (website text), Available: <http://www.oecd.org/dac/aid-architecture/>

<sup>51</sup> Ibid.

<sup>52</sup> *International Aid Transparency Initiative Accra Statement*, 4 September 2008, Available: <http://www.aidtransparency.net/>

incomplete provision of activity level data to IATI. This is reflected in Australia's relatively low score in the 2013 Aid Transparency Index.

The Australian Aid Program has multi-year funding agreements with delivery partners, and a four-year funding plan, which helps ensure effective planning and implementation of programs with partner countries, and for development results in complex environments, such as PNG. However, the predictability of the aid program has been negatively impacted in recent years, including by the lack of a clear timetable for the achievement of an ODA budget equivalent to 0.5 per cent of GNI and by ODA being redirected to meet domestic policy imperatives, such as funding the offshore processing and detention of asylum seekers. The OECD noted in the 2013 Peer Review that "significant in-year budget re-allocations put at risk Australia's commitments to its partners as well as achieving the expected results of its development cooperation programs."<sup>53</sup>

#### What success looks like:

- Predictable, transparent and multi-year funding to partner countries.
- Regular, detailed and timely information on the Australian Aid Program and its effectiveness is publicly available.
- The voices of the poor and marginalised are heard and incorporated in the design, delivery and evaluation of aid.

#### Milestones to get there:

- Growth of Australian Aid budget at least equivalent to CPI and with no in-year diversions.
- Annual budget statement on the Australian Aid Program which includes other government departments that expend ODA.
- Multi-year agreements on the Australian Aid Program budget.
- Consistently high ranking on Aid Transparency Index.
- Proportion of Australian Aid delivered through the systems of our country partners.
- Australian Aid systems for reporting and accountability align as far as possible with existing country systems and do not impose unnecessary duplicate reporting systems on aid recipients.
- Mechanisms in place for learning and beneficiary feedback.
- Establishment of a Parliamentary Committee or Sub-Committee on Development Assistance.

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<sup>53</sup> OECD Development Cooperation, 2013, *Peer Review – Australia*.

### 3.8 Expertise, evidence and innovation

#### Industry standard:

An aid program underpinned with skills in the design, implementation and management of aid as well as expertise in key knowledge areas such as civil society, health, education, governance, gender, disability, and infrastructure.

#### Where the standard comes from:

In a recent speech, the Australian Foreign Minister emphasised that aid “is a portfolio of investments and like any professional financier, the Government will apply a scientific and methodical approach to our investment decisions so we can achieve the greatest outcomes...”<sup>54</sup> To this end, an aid program underpinned by expertise, evidence and innovation is central to knowing what works in development and delivering the best returns on Australian ODA.

The 2006 White Paper committed Australia to continuing to undertake and strengthen its evidence-based approach to aid programs, so that it remains relevant and effective in a rapidly changing development environment and “at the forefront of global efforts to improve development effectiveness”.<sup>55</sup> An evidence-based approach includes research, monitoring, evaluation and learning which helps assess progress toward goals and provides much needed information for political leaders to credibly say they know how to achieve success and manage risks.

An effective aid program must also create a space for innovation. Both the UK and USA have launched “innovation funds” to encourage new approaches to aid and development and, in the case of the UK, “build on successes and make sure great ideas that can change the lives of the world's poorest people get the investment they need.”<sup>56</sup>

Furthermore, the OECD highlights the importance of expertise in the development, delivery and management of aid programs including a critical mass of development experts, as well technical and country specialists.<sup>57</sup> It notes that while many donor countries have cross-sectoral policies, only a few have the staff, budgets and management practices needed to implement them.

#### Where Australia is at now:

Overtime, the Australian aid program has developed country and thematic expertise, as well as expertise in the management of aid at the bilateral and multilateral level, both in Canberra and overseas offices. The delivery and assessment of large and complex aid programs is not a

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<sup>54</sup> Australian Foreign Minister, Wednesday 30 October, *Speech to ACFID Chairs and CEOs dinner*, Available: [http://foreignminister.gov.au/speeches/2013/jb\\_sp\\_131030.html](http://foreignminister.gov.au/speeches/2013/jb_sp_131030.html)

<sup>55</sup> Australian Government, 2006, *Australian Aid: Promoting Growth and Stability - White Paper on the Australian Government's overseas aid program*, pg. 59.

<sup>56</sup> The Guardian, Friday 13 June 2013, “UK to unveil \$50 million fund for life-savings innovations.”

<sup>57</sup> OECD, 2008, *Effective Aid Management*.

traditional activity of a foreign ministry.<sup>58</sup> The 2013 Capability Review of DFAT by the Australian Public Service Commission found that the agency had talented generalists but strains on specialization and policy development.<sup>59</sup> The Government should maintain the pool of development professionals and technical experts within the Australian aid program to ensure its effectiveness.

In 2006, Australia established an Office of Development Effectiveness (ODE) to build stronger evidence for more effective aid. ODE monitors the performance of the Australian aid program, evaluates its impact, and contributes to international evidence and debate about aid and development effectiveness. The ODE should maintain the role of providing credible advice and evaluations to Government. Greater independence and credibility could be achieved by making the ODE fully independent, reporting to Parliament.

Australia has in place the Australian Development Research Awards Scheme (ADRAS) which is a competitive grants program designed to attract quality primary research on priority development themes that informs aid and development policy. This includes research on disability-inclusive development, education, gender, health and mining for development. In 2012, of the 45 grants awarded, 33 are being conducted through Australian institutions thereby leveraging Australian research expertise and higher education system.

In 2011, a two-year ANCP Innovations Fund was introduced to promote innovative practices, approaches and partnerships to improve effectiveness and share lessons learned across the ANCP. An Innovations Fund should be a permanent fixture of the Australian aid program.

International development efforts are enhanced by the strength and collaboration of Australian universities in development research, which underscores the ACFID University Network, and the contribution of Australian academics in sectors such as health, agriculture and governance. Recent Government investments in development research and knowledge translation, including through ADRAS, must be maintained and expanded to optimise Australian and international aid efforts.

#### What success will look like:

- Strong research capacity ensuring a better understanding of the drivers of poverty, development and economic growth within particular country contexts.
- Internationally recognised for development expertise in our region and on thematic issues.
- Support for innovative pilots in aid design, delivery and implementation.

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<sup>58</sup> OECD, 1999, *A Comparison of Management Systems for Development Cooperation in OECD/DAC Members*.

<sup>59</sup> Australian Public Service Commission, 2013, *DFAT Capability Review*.

### Milestones to get there:

- Maintaining professional development expertise in the Australian Aid Program including local expertise in the field.
- An annual review of aid effectiveness.
- A clear focus on results in aid programming, and carrying out regular and rigorous evaluations to understand aid's impact.
- Degree to which Australia specialises in sectors in which it can develop and harness its comparative advantage, such as law and justice, education, agriculture, disability and DRR.
- Regular forum for sharing innovative practice with an eye to funding success.
- Initiation of a 'Grand Challenges' fund, promoting innovative approaches to complex development problems.
- ODE given independent status and reporting directly to Parliament.

## 4. Conclusion

In a recent speech, the Australian Foreign Minister highlighted the importance of branding Australia's aid work, noting that "it helps project a positive image of Australia in the countries where our aid and development programs operate, reinforces Australia's standing as a model international citizen and good neighbour, and strengthens the aid program's contribution to wider foreign policy objectives."

Branding Australian aid is an important way to ensure recognition, but more important than the physical label, is the value placed on this work by poor people, communities, stakeholders and partner governments. To this end, "brand equity" goes beyond physical assets, with the strength of a brand more so dependent on subjective measures of brand performance including perceived quality, reputation and organisational associations.<sup>60</sup>

To ensure Australia's standing as a model international citizen and good neighbour, ACFID commends the standards set out in this paper as a solid basis for an effective and accountable aid program that creates sustainable long-term change for the poorest and fosters increased productivity, economic growth, and stability, in the interests of our region and Australia.

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<sup>60</sup> Aaker, David, 1996, *Building Strong Brands*, Free Press.

